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Washington DC  
401UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING February 23, 2012 AND ENDING December 31, 2012  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Novahill Partners, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1765 Duke Street

(No. and Street)

Alexandria

Virginia

22314

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jeffrey G. Weiss

(571) 447-4310

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Sobel &amp; Company, LLC

(Name - if individual, state last, first, middle name)

293 Eisenhower Parkway

Livingston

New Jersey

07039 - 1711

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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8-68928

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**NOVAHILL PARTNERS, LLC**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INCLUDING FACING PAGE

DECEMBER 31, 2012

SOBEL & CO., LLC

CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

**NOVAHILL PARTNERS, LLC**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**INCLUDING FACING PAGE**

**DECEMBER 31, 2012**

AFFIRMATION

I, Michael Doyle, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to the firm of Novahill Partners, LLC for the eleven months ended December 31, 2012, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

*Michael Doyle*

Michael Doyle

Title: Chief Compliance Officer

Date: 19 March 2013

Sworn to and subscribed before me  
This 19 day of March, 2013

*Shawn C. Wilson*

Notary Public



This report contains (check all applicable boxes):

Facing Page

- |                                     |     |  |
|-------------------------------------|-----|--|
| <input checked="" type="checkbox"/> | (a) | Facing Page.   |
| <input checked="" type="checkbox"/> | (b) | Statement of Financial Condition.  |
| <input checked="" type="checkbox"/> | (c) | Statement of Income (Loss).  |
| <input checked="" type="checkbox"/> | (d) | Statement of Cash Flows.   |
| <input checked="" type="checkbox"/> | (e) | Statement of Changes in Stockholder's Equity.  |
| <input type="checkbox"/>            | (f) | Statement of Changes in Liabilities Subordinated to Claims of General Creditors.   |
| <input checked="" type="checkbox"/> | (g) | Notes to Financial Statements.   |
| <input checked="" type="checkbox"/> | (h) | Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1.  |
| <input checked="" type="checkbox"/> | (i) | Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3.   |
| <input type="checkbox"/>            | (j) | Information Relating to Possession or Control Requirements for Brokers and Dealers under Rule 15c3-3.  |
| <input type="checkbox"/>            | (k) | A Reconciliation, Including Appropriate Explanations, of the Computation of Net Capital under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-2. |
| <input type="checkbox"/>            | (l) | A Reconciliation Between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation.   |
| <input checked="" type="checkbox"/> | (m) | An Oath or Affirmation.  |
| <input type="checkbox"/>            | (n) | A Copy of the Securities Investor Protection Corporation Supplemental Report.  |
| <input type="checkbox"/>            | (o) | A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.  |
| <input checked="" type="checkbox"/> | (p) | Independent auditors' report on internal control.  |
| <input type="checkbox"/>            | (q) | Schedule of segregation requirements and funds in segregation-customers' regulated commodity futures account pursuant to Rule 171-5.   |

# **NOVAHILL PARTNERS, LLC**

**DECEMBER 31, 2012**

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**Sobel & Co., LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

293 Eisenhower Parkway, Suite 290  
Livingston, NJ 07039-1711  
973-994-9494 • Fax 973-994-1571  
www.sobel-cpa.com

## **INDEPENDENT AUDITORS' REPORT**

Members  
Novahill Partners, LLC  
Alexandria, Virginia

### **Report on the Financial Statements**

We have audited the accompanying statement of financial condition of Novahill Partners, LLC as of December 31, 2012, and the related statement of loss, changes in members' deficit, and cash flows for the eleven months ended December 31, 2012, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member of

**PKF**

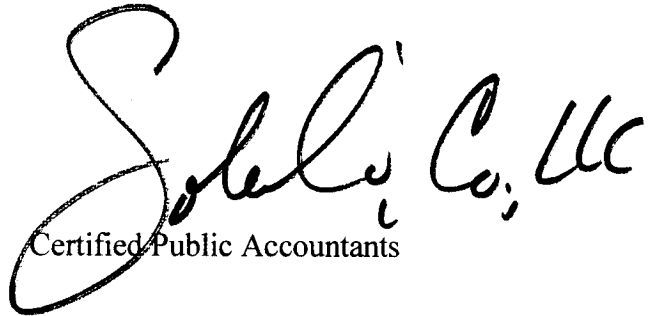
North  
America

in association of legally independent firms

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Novahill* Partners, LLC as of December 31, 2012, and the results of its operations and its cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States of America.

  
Certified Public Accountants

Livingston, New Jersey  
February 26, 2013

**NOVAHILL PARTNERS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2012**

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**ASSETS**

Cash	\$	16,364
Other assets		953
		<hr/>
	\$	17,317
		<hr/>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES:**

Accrued expenses	\$	4,564
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**COMMITMENTS AND CONTINGENCIES**

MEMBERS' EQUITY:		12,753
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	\$	17,317
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# NOVAHILL PARTNERS, LLC

## STATEMENT OF LOSS

FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 2012

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### REVENUE:

Service income	\$	11,538
Interest income		60
		<u>11,598</u>

### EXPENSES:

Advertising	420
Bank charges	75
Charitable contributions	700
Dues and subscriptions	8,373
Insurance	9,854
Moving expense	6,256
Office expenses	20,506
Professional fees	18,239
Regulatory fees	3,535
Rent	19,605
Research data service	26,368
Telephone	5,825
Travel	23,277
Total Expenses	<u>143,033</u>

NET LOSS	\$	<u>(131,435)</u>
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**NOVAHILL PARTNERS, LLC****STATEMENT OF CHANGES IN MEMBERS' EQUITY**

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Balance, February 1, 2012	\$ 92,188
Net loss	(131,435)
Members' capital contributions	<u>52,000</u>
Balance, December 31, 2012	<u>\$ 12,753</u>

**NOVAHILL PARTNERS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE ELEVEN MONTHS ENDED DECEMBER 31, 2012**

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**CASH FLOWS PROVIDED BY (USED FOR):**

OPERATING ACTIVITIES:

Net loss	\$ (131,435)
Adjustments to reconcile net loss to net cash used for operating activities:	
Other assets	(953)
Accrued expenses	<u>4,564</u>
Net Cash Used for Operating Activities	<u>(127,824)</u>

FINANCING ACTIVITIES:

Members' capital contributions	<u>52,000</u>
Net Cash Provided by Financing Activities	<u>52,000</u>

NET DECREASE IN CASH (75,824)

**CASH:**

Beginning of period	<u>92,188</u>
End of period	<u>\$ 16,364</u>

**NOVAHILL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES:**

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***Organization:***

Novahill Partners, LLC (the "Company") was incorporated in May 2002 in the State of New York and moved to New Jersey in March 2004. When the Company's mix of business changed, it submitted a New Member Application to Financial Industry Regulatory Authority, Inc. ("FINRA") in September 2011 and was accepted on February 23, 2012. The Company moved its headquarters to Alexandria, Virginia in October 2012. The Company is registered with the Securities and Exchange Commission ("SEC"). The Company is also a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). As of December 31, 2012, the Company has not engaged in any broker or dealer activity.

***Basis of Accounting:***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America under the FASB Accounting Standards Codification.

***Reporting Period:***

The Company reports its financial information on a calendar year (December 31). These financial statements reflect the information as of December 31, 2012, and for the eleven months then ended, the approximate date of FINRA acceptance, through December 31, 2012.

***Use of Estimates:***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Federal and State Income Taxes:***

The financial statements do not reflect a provision or liability for federal or state income taxes since under the Internal Revenue Code the Company elected to be taxed as a partnership. Accordingly, the individual members report their distributive share of the Company's income or loss and credits on each member's individual tax return.

The Company follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Company's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. Tax returns for 2009 and forward are subject to audit by federal and state jurisdictions. No interest or penalties have been incurred during the eleven months ended December 31, 2012. At December 31, 2012, there are no significant income tax uncertainties that are expected to have a material impact on the Company's financial statements.

**NOVAHILL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**NOTE 1 - ORGANIZATION AND SUMMARY**  
**OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Subsequent Events:***

The Company has evaluated its subsequent events and transactions occurring after December 31, 2012 through February 26, 2013, the date that the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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**NOTE 2 - NET CAPITAL REQUIREMENTS:**

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Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain a minimum net capital balance and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1. At December 31, 2012, the Company had net capital of \$11,800 which was \$6,800 in excess of its minimum dollar net capital requirement of \$5,000.

At December 31, 2012, the Company's net capital is as follows:

	<u><b>2012</b></u>
Net capital	\$ 11,800
Net capital requirement	<u>5,000</u>
Excess Net Capital	<u><u>\$ 6,800</u></u>
Aggregate Indebtedness to Net Capital	<u><u>0.00%</u></u>

The Company is not required to furnish the "computation of reserve requirements" under Rule 15c3-3 of the Securities and Exchange Commission due to the fact that it qualifies for, and complies with the exemptive provision k(2)(i) of Rule 15c3-3. This provision exempts brokers or dealers who clear all transactions on behalf of customers with a Clearing Broker on a fully disclosed basis from having to furnish the "computation of reserve requirements."

There were no differences between this computation of net capital and the corresponding computation prepared by the Company, and included in the Company's unaudited Part IIA FOCUS Report filing as of December 31, 2012.

**NOVAHILL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**NOTE 3 - COMMITMENTS:**

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The Company signed a lease agreement in October 2012, for the rental of office space in Alexandria, Virginia. The lease is for two years and expires on October 31, 2014. The lease requires monthly rental payments of \$1,525. Rent expense amounted to \$19,605 for the period ended December 31, 2012.



**Sobel & Co., LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY  
INFORMATION REQUIRED BY RULE 17a-5 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

Members  
Novahill Partners, LLC  
Alexandria, Virginia

We have audited the financial statements of Novahill Partners, LLC as of December 31, 2012, and for the eleven months then ended December 31, 2012, and have issued our report thereon dated February 26, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on pages 11 and 12, required by Rule 17a-5 under the Securities Exchange Act of 1934, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information on pages 11 and 12 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 11 and 12 is fairly stated in all material respects in relation to the financial statements as a whole.

  
Certified Public Accountants

February 26, 2013

Member of



North  
America

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**NOVAHILL PARTNERS, LLC****SUPPLEMENTARY INFORMATION****COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE****SECURITIES EXCHANGE ACT of 1934****DECEMBER 31, 2012**

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Total members' equity	\$ 12,753
Total capital	12,753
Less: Deductions and/or charges:	
Non-allowable assets	<u>(953)</u>
Net capital before haircuts on security positions	11,800
Less: Haircuts on securities	<u>-</u>
Net capital	11,800
Minimum net capital required per Rule 15c3-1	<u>(5,000)</u>
Net capital in excess of all requirements	<u>\$ 6,800</u>

**RECONCILIATION WITH COMPANY'S  
COMPUTATION:**

Included in Part IIA of Form X-17A-5 as of  
December 31, 2012:

Net capital, as reported in Company's (Unaudited) FOCUS report Part IIA	\$ 11,800
Net audit adjustments	<u>-</u>

NET CAPITAL PER ABOVE	<u>\$ 11,800</u>
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**NOVAHILL PARTNERS, LLC**  
**SUPPLEMENTARY INFORMATION COMPUTATION FOR**  
**DETERMINATION OF RESERVE REQUIREMENTS UNDER**  
**RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2012**

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NovaHill Partners, LLC is not required to furnish this schedule due to its compliance with the exemptive provision k(2)(i) of Rule 15c3-3.

**NOVAHILL PARTNERS, LLC**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

**DECEMBER 31, 2012**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

Members  
Novahill Partners, LLC  
Alexandria, Virginia

In planning and performing our audit of the financial statements of Novahill Partners, LLC (the Company), as of and for the eleven months ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.


*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for information and use of the members, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Livingston, New Jersey  
February 26, 2013